

Agricultural Situation

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Agricultural Marketing Service
U. S. Department of Agriculture

FLORIDA CROP SERVICE ESTIMATES CITRUS LOSS

Thanks to its "route" system, the Florida Crop Reporting Service, Agricultural Estimates Division, is ready for emergencies. The State's important citrus industry had the most recent proof of this when it needed prompt information on the extent of this year's freeze damage.

Initial Problems

The first devastating mid-December freeze found the equivalent of nearly 120 million boxes of citrus fruit still hanging on the trees. How much of this was frozen? How badly? Those questions had to be answered immediately.

What is this "route" technique which field workers utilized to answer these questions?

It is 1,500 miles of highway, meandering through Florida's citrus plantings. On it are some 175,000 rows of citrus trees facing the road.

These rows have been identified as to variety, age, and type of citrus fruit, that is, whether oranges, grapefruit, or tangerines. Tabulations show it to be a very good cross section of the plantings in the State. The identified rows are used to make sample surveys

for fruit counts, size measurements, and the like when monthly forecasts are required. The entire route is run each month during harvest in determining the percentage of fruit that has been harvested.

It takes a couple of weeks before the freeze damage to citrus becomes evident. In late December teams of field workers were traveling the "route". In four days they had surveyed the damage.

The citrus industry was told in a special report that it still had appreciable quantities of undamaged fruit. As much as 50 percent of early and mid-season oranges, 70 percent of late oranges, and most of the grapefruit would qualify for fresh fruit shipment. On the other hand, some 47 percent of the early and midseason oranges were so badly damaged that quick salvage would be necessary.

Forecast

These data, together with information from growers, were the basis for the January 10 forecast, the first after the freeze. At that time it was felt that the citrus crop would total 115 million boxes (oranges 80 million,

grapefruit 32 million, tangerines 3 million).

With the crop practically harvested as of June 1, it looks as though a little over 116 million boxes will be produced. The January estimate was 99 percent accurate, in spite of the great amount of salvaging necessary.

The citrus industry also had to know what it should do about planting. The questions were many. What counties had suffered the greatest damage? Which groups of trees, in terms of age, had suffered most? Which varieties had undergone the worst damage?

To get these answers, our field workers "took the route" again.

On May 29, the report was published. The citrus industry was told that 80 to 85 percent of the Florida bearing surface still remains for possible fruit production next year.

The report shows that only 2 percent of the bearing trees, those 4 years and older, were killed. Death loss to young trees, the nonbearing trees, may, however, be as great as 16 percent.

When the survey was made, growers had done very little pruning, and classifications had to be based on new growth then visible. It appeared pruning would be necessary on 12 to 15 percent of the bearing acreage. This summer, groves extensively damaged or apparently killed will be resurveyed and classified.

For this answer by the Crop Reporting Service to the industry's urgent need for information, State funds from the Citrus Growers' Administrative Committee were matched with Federal funds from the Agricultural Marketing Service, under provisions of the Agricultural Marketing Act of 1946.

J. C. Townsend, Jr., *Statistician in Charge, Florida Crop Reporting Service, AMS*

The Agricultural Situation is sent free to crop, livestock, and price reporters in connection with their reporting work.

Wheat Growers Want Quotas

Marketing quotas will be in effect on the 1959 wheat crop. Preliminary returns from the June 20 referendum in 38 wheat States indicate 83.7 percent of growers voting favored the quotas. A two-thirds favorable vote is required by law.

The June 20 vote means that producers in commercial wheat States who stay within the acreage allotted for their farms will be eligible for the full level of price support. In the 10 non-commercial States, the wheat price support will be 75 percent of the level calculated on the national average.

Marketing quota penalties, equal to 45 percent of parity as of May 1, 1959, will be assessed against the marketing quota excess.

Conditions

There is no marketing quota for farms on which wheat acreage is 15 acres or less, nor in cases where the acreage is 30 acres or less, and farmers have signed agreements permitting production up to 30 acres of wheat solely for use on the farms. No wheat produced on a farm having a farm marketing excess is eligible for price support.

Payments of marketing penalties on excess wheat may be avoided or postponed by withholding the excess from the market by storing it in accordance with regulations issued by the Secretary.

Robert E. Post
Agricultural Economics Division, AMS

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COTTON IN THE WEST

Nearly 25 percent of the weather-plagued 1957 cotton crop was produced on irrigated land in Western States: California, Arizona, New Mexico, and Nevada.

With Soil Bank signup relatively small in the West, this region has over 10 percent of the permitted 1958 acreage. This is more than in 1957. If 1958 yields approach 1957 figures for Western growers, the West could account for an even larger share of the national production in 1958.

Yields

Less than 2 percent of the country's cotton farms are in the Western States. Yet they produced over 2.5 million bales of cotton on only about 8 percent of the national planted acreage. Average Western yield in 1957, 975 pounds per acre, was $3\frac{1}{2}$ times the average for other growers. Over one-fourth of farm cotton income went to Western producers in 1957.

In contrast, in 1947 Western growers produced less than half the cotton they grew in 1957. They accounted for but 10 percent of the 1947 crop.

During those 10 years, the West became increasingly important as a producing center, as both yields and acreage increased relative to the rest of the country.

Western soils are deep, fertile, and high in calcium. Water supply is regulated by irrigation. In most of the area, the growing season is unusually long and the harvesting season is dry.

More important, perhaps, than soil and climate is that most of the Western cotton is grown on large-scale commercial farms. This makes possible the economies of mechanization and professional management. Western growers can take advantage of new research into cultural practices, seed varieties, fertilizers, and insecticides.

The average Western cotton farm is about five times the size of the average cotton farm elsewhere in the country. Nearly 25 percent of the Western farms

are over 100 acres, compared with the national average of only 4 percent.

The relative number of small Western cotton farms, under 10 acres, is far below the national average. Western farms producing under 25 bales total only 30 percent, compared with 91 percent elsewhere.

The large Western farms are highly mechanized. Per farm investment in machinery and equipment is 10 times the national average. Also, Western cotton growers spend about 3 times as much on hiring additional machinery as cotton farmers elsewhere do.

Investment in fertilizers on these large Western farms also is higher than in any other region. Though the arid climate prevents the boll-weevil scourge, Western farmers lead in per acre use of insecticide and chemical weed control.

With strict quality control for Upland cotton and with two-thirds of the American-Egyptian cotton crop grown in the West, farm prices for cotton in the Western States are well above the national average. Most Upland growers use Acala varieties. California law limits plantings to one Acala variety.

Skip-Row

Western growers also are using "skip-row" planting more frequently. The most popular method is to "plant 4 rows, fallow 4 rows."

This method increases yields on the outside rows and only the rows actually in cotton are charged against acreage allotments. In Arizona, skip-row yields exceeding 4 bales per acre have been reported.

Irrigated western cotton land is expensive, and per farm investment in machinery and other factors of production exceeds that of other areas. Nevertheless, large-scale efficient farming brings cost of production per pound far below that in most other cotton growing areas.

Doris Detre Rafler
Agricultural Economics Division, AMS

Potato Sales Stay Up Thanks to Processing

The familiar bin of fresh potatoes doesn't get as many takers at the corner grocery as it used to. Still, just about as many potatoes per person reach U. S. dinner tables as in 1949.

Since there are more people in this country today than a decade ago, growers evidently are selling more potatoes. The difference is in the sale of processed potatoes. Their increasing popularity has more than made up for the drop in the sales of the fresh variety.

Figures

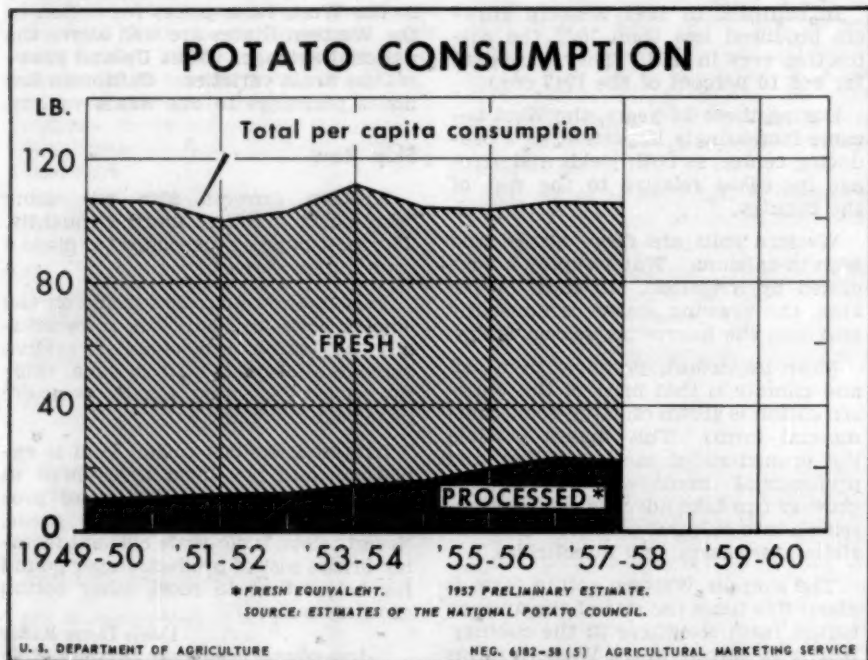
Gains for processed potatoes have been rapid. The National Potato Council estimates that in 1957 about 1 in every 5 sacks of potatoes used for food was marketed in some processed form. This is a whopping increase from 1 sack in 50 in 1940.

Processed potatoes are sold at retail mostly as chips, frozen, dehydrated, and canned. The 27 million cwt. of potatoes produced last year for chips made up about two-thirds of all the potatoes used for processing.

Chip manufacturers use potatoes that are relatively high in dry matter and low in sugar, which yield more chips and absorb less oil in processing. Fall-crop potatoes have supplied most of those used for chips, although early season potatoes are increasingly popular.

Output of frozen french fries is second largest among processed items, accounting for almost one-sixth. Raw stocks with a high solids content are preferred to insure high quality and yield. Variety, soil, and climate are important. Patties, puffs, whipped, and diced frozen potatoes have also gained popularity. Dehydrated forms now on the market include mashed potatoes, flakes, granules, and shreds.

Retail sales of processed potatoes continue to rise. Consumers evidently are willing to pay for the added



services that go with processing.

Many plants have modernized or enlarged their facilities. The expansion has been important to growers, too. Field-run potatoes can be channeled into their particular uses. Processor-owned storage permits the storing of reserves so that operations can be fairly continuous during most of the marketing season. It also makes possible the proper conditioning of potatoes for processor requirements.

Plant Location

Chipping plants have located largely near population centers while many processors of other potato products have been in, or are shifting to, production areas. Growers who deal with processors usually contract only a portion of their incoming crop.

Outside tuber appearance is not quite as important to most processors as to the housewife. But processors are interested in the size of the tuber, amount of defects, rots, second growth, cracks, depth of eyes, and greening. Potatoes below No. 2 grade cannot be processed in some areas because of marketing agreements.

Even though field-run potatoes can be used in preference to any particular grade for some processing, low-grade purchases at low prices may involve disproportionately high peeling, trimming, and other processing costs. Processors would not tolerate general lowering of quality.

Maturity is another important consideration. A compromise must be made between late harvesting, optimum maturity, and digging before the danger of cold weather for fall-crop potatoes. Early planting helps to resolve the maturity problem for the fall crop; delaying harvesting somewhat, for the early crop.

Large potatoes normally have smallest peeling losses and greatest yield. However, in some instances, because of lower unit cost it may be more economical to use smaller sizes of good quality.

Olman Hee
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Who Got The Money For Margarine?

The farmer received 30 cents out of every dollar spent in 1955 for margarine and shortening, compared with only 19 cents in 1940, the Agricultural Marketing Service reveals. High point of the period, from the farmer's standpoint, was in 1950 when he obtained 42 cents.

The difference between what the farmer receives and what the consumer pays is the amount necessary to take care of marketing charges. Between 1940 and 1955, this farm-to-retail price spread for soybean and cottonseed oils used in margarine and shortening increased by about 70 percent. This, however, was less than the average increase for all foods.

AMS' research reveals that both the amount the farmer received for the oils in his soybeans or cottonseed and the retail price of margarine and shortening increased during 1940-55—just as they did for all other foods.

For the 0.8 pound of cottonseed oil used in a pound of margarine, the farmer received 2.61 cents in 1940 and 5.71 cents in 1955. The average retail price of margarine rose from 14.43 cents per pound in 1940 to 26.58 cents in 1955.

Improvements

During this period, however, the convenience, nutritional value, sanitation, and attractiveness of both margarine and shortening were improved. These factors, as well as rises in costs of packaging, labor, and transportation, account for most of the increase.

Soybean oil generally has given the farmer a better return per pound than cottonseed oil, since milling cottonseed is more complicated and more expensive than milling soybeans.

Virginia Farnworth
Marketing Research Division, AMS

CUT FLOWERS, BIG BUSINESS

The casual shopper who pauses before a beautiful display of cut flowers in the window of a retail florist or makes a purchase of a colorful spray probably thinks that the retail florist grows his own cut flowers in a greenhouse located in the outskirts of the city.

Sometimes he does. More often, though, the retail florist is the outlet for large commercial production enterprises hundreds of miles from market.

AMS Survey

A recent survey by the Agricultural Estimates Division of the Agricultural Marketing Service, covering 4 selected cut flowers (carnations, chrysanthemums, gladiolus, and roses) in 10 selected States, throws considerable light on the magnitude and distribution of the commercial cut-flower business.

These States—California, Colorado, Florida, Illinois, Iowa, Michigan, New York, Ohio, Oregon, and Texas—were selected largely on a regional basis to get a cross section of commercial production.

This list includes the leading State in the production of each of the 4 cut flowers. The survey covered all of the nearly 2,800 commercial growers in the 10 States. A commercial grower was defined as one growing and selling \$1,000 or more of cut flowers, flowering, and bedding plants annually.

The report just published by the Crop Reporting Board shows that a fantastic number of cut flowers were produced and marketed in the 10 States in 1957—253 million gladiolus spikes, 235 million carnation blooms, 178 million roses, 43 million standard chrysanthemum blooms, and 15 million bunches of pompon chrysanthemums.

These sales had a wholesale value of \$58 million in 1957. On the basis of available information it appears the 10 States surveyed grow about three-

fourths of the country's commercial crop of gladiolus and about one-half each of the carnations, roses, standard chrysanthemums, and pompon chrysanthemums.

In value of sales of the 4 cut flowers in the 10 States, chrysanthemums led with \$17.2 million for standard and pompons combined. Carnations were second with \$15.5 million, roses third with \$13.8 million, and gladiolus fourth with \$11.5 million.

In terms of value of sales for individual flowers, leading States were: Chrysanthemums, Florida at \$5.4 million; carnations, Colorado at \$5.1 million; roses, California at \$4.2 million; and gladiolus, Florida at \$9.1 million.

A large part of the commercial production of cut flowers in the 10 States must be shipped to distant markets, sometimes more than a thousand miles. The care and skill that must be exercised in the production and marketing of these flowers constitute a separate story. The most important thing brought out in the recent survey is that the production of cut flowers is a multi-million dollar business widely distributed over the country.

The next time you pause before the show window of a retail florist to admire the beautiful displays within, it may be well to keep in mind that there is more behind these displays than the skill of the retail florist and the facilities of the local greenhouse.

That's true whether you are admiring an arrangement of perfect roses, a large bouquet of long-stemmed carnations, or an attractive grouping of standard chrysanthemums, each a ball of colorful beauty. It's true of the smaller but perfect pompon chrysanthemums, or of a cluster of graceful gladiolus spikes.

Many Hands

These displays depend, in large part, on production skills in distant parts of the country and on fast transportation by rail, truck, and air to place these premium floral products in the hands of the hundreds of retail florists in our many cities.

Reginald Royston
Agricultural Estimates Division, AMS

Eggs Don't Need Shells To Find a Market

Egg Producers: A good way by which buyers can make use of any of your eggs that cannot be marketed profitably in the shell is to break the eggs and preserve them by freezing.

The Agricultural Marketing Service, U. S. Department of Agriculture, in a recent publication discusses the details of how to use good eggs that for some reason are not acceptable for sale in the shell.

Stains

These are eggs that have stained or cracked shells, although there is nothing wrong with the food value of the egg. Or eggs that are simply too large or too small to go into ordinary cartons but meet every other requirement.

These eggs, when broken out and processed into liquid and frozen egg products may be marketed profitably to local outlets such as bakeries.

The publication "Frozen Eggs, Layout and Description of a Small Scale Egg Breaking Operation" (AMS-185) gives egg handlers information on adequate facilities and procedures for processing liquid and frozen eggs.

The USDA recommendations concerning facilities, operating procedures, and sanitation are designed to produce wholesome egg products. They are required for plants operating voluntarily under the USDA egg products inspection service.

Important factors in the production of good quality frozen eggs are good refrigeration and sanitation. Adequate sanitation requires proper construction and ventilation of the breaking room, proper type of equipment, good health and personal cleanliness of employees, and proper facilities for cleaning and sanitizing the processing rooms and equipment.

Some States have egg laws or regulations on the operation of egg processing plants. The USDA has never issued

standards and grades for egg products. However, egg products, when shipped interstate, are subject to the provisions of the Federal Food, Drug, and Cosmetic Act.

When plants voluntarily operate under the continuous supervision of a USDA licensed inspector, the entire operation is constantly checked to make sure facilities are adequate, equipment is clean, and operating procedures meet USDA requirements.

Inspectors also keep close watch on types of raw material (breaking stock) used. Finally, they carefully inspect the finished egg products.

All this means that when adequate sanitary facilities exist to process abnormally sized, soiled, or cracked eggs unsuitable for the packer's cartons, an additional outlet is provided for a good product from the farm.

When these eggs are broken out under strict sanitary conditions, they are a wholesome product acceptable for a variety of uses.

Thomas H. Pond
Poultry Division, AMS

Packing Florida Avocados

Concluding a study of shipping practices requested by the Florida avocado industry, the Agricultural Marketing Service has three recommendations for growers who do their own shipping.

Pack the fruit closely, that is, use a generally tight pack. Leave some headroom between the fruit and the lid and experiment with the use of some type of compression pad. Use excelsior moderately, distributing it well throughout the pack, especially along the sides and into the corners of the 1-layer boxes.

The AMS study indicates best results are obtained in the standard 1-layer, 1/4-bushel box required in the recent south Florida marketing agreement, but there is no basis for standardizing on any type of container: Wood, fiberboard, or wirebound wood.

Milk Production Surplus Remains Tough Problem

Production of milk, in most years since 1949, has exceeded the quantity that could be moved through regular commercial channels at the prevailing United States Government support levels. The surplus was sold to the Commodity Credit Corporation.

This situation is continuing in 1958. The long-time trends in milk production and in consumption suggest it may be with us for some time to come.

Price Supports

Support levels in the last 8 years have ranged from \$3.06 per cwt. for manufacturing milk to \$3.85. As a percentage of parity equivalent, the support level has fluctuated the full range authorized in present legislation—75 to 90 percent.

For the current marketing year, manufacturing milk is being supported at 75 percent of parity equivalent or a price of \$3.06 per cwt. of milk testing 3.9 percent fat. In the marketing year ended March 31, 1958, farmers received \$3.29 per cwt. or 84 percent of parity equivalent. This was slightly above the announced support level for that period.

In the 6 marketing years ended March 1958, the equivalent of 37.6 billion pounds of milk has been sold to CCC. This averages 6 billion pounds a year, about 5 percent of production. For 1957-58 the figure was 6.8 billion, second in size to that of 1953-54.

All of the butter and cheese and most of the nonfat dry milk acquired under this program has been used for food. It has been moved partly into export channels by dropping the prices considerably below the domestic market price. Substantial quantities also have been donated, both for use in this country and abroad.

Currently, milk and milk products are the only livestock items which have specific support levels and are in surplus position. Among nonlivestock items,

substantial price support efforts have been made. For some items the surplus exceeds considerably the 4- to 5-percent range for milk.

For agriculture as a whole, the current surplus is around 8 percent of total output. This figure is based only on those products for which price support programs are in effect.

Milk production is likely to increase less than the population this year, while the per-capita use may be maintained close to last year's figures. Sales to the Commodity Credit Corporation in the current year, therefore, probably will be smaller than the 6.8-billion-pound milk equivalent of last year.

New methods of increasing milk production are constantly being devised or put to use, but to be of maximum benefit to a farmer many of the new techniques require larger scale operations. To adopt them increases production. It also may require increased capital outlay.

Partly for this reason, as many as 4 or 5 percent of all milk producers discontinue dairying each year. But the number of cows kept per farm is increasing so rapidly the total number of milk cows in the country has declined an average of only 1 percent per year in the last 14 years.

To some extent, milk surpluses are affected by national feed-grain supplies, prices, and policies. Production of feed grains has been exceeding uses the last several years, and record stocks have accumulated. Prices of feed grains this past winter were the lowest in 15 years.

Price Ratios

In a number of recent years, milk prices have been more favorable than average, compared with prices for meat animals. This situation has been sharply reversed within the last year as prices for meat animals rose sharply.

This new factor will tend to temper the increase in milk production, but with abundant supplies of feed grains and relatively low feed prices, compared to milk prices, some further increase in milk production is likely this year. After all, farmers have been

willing to increase production to 5 successive record highs in the last 5 years at the prevailing price levels.

Per-capita consumption of butter is only about one-half what it was just before World War II. Demand for milkfat in other forms also has declined, at least in percentage content of product. The decline in per-capita use of milk fat more than accounts for the present surplus.

Consumption trends of solids-not-fat used in this country are more encouraging. There is some increase in use of a number of skim milk products. Current per-capita use of solids-not-fat is 48 to 50 pounds, compared with less than 40 pounds 2 decades ago, and compared with the decline in per-capita use of milkfat from 31-32 to 27 pounds in the same period.

Dairymen have responded to this broadening of their market for solids-not-fat by separating on farms today only about 12 billion pounds of milk, compared with 30 billion pounds some years ago. Government purchases of

solids-not-fat in 1957-58 were 8 percent of production compared with a little over 5 percent of the fat.

Comparison of 1925-27 with 1954-57, both periods in which consumer income was relatively high, reveals:

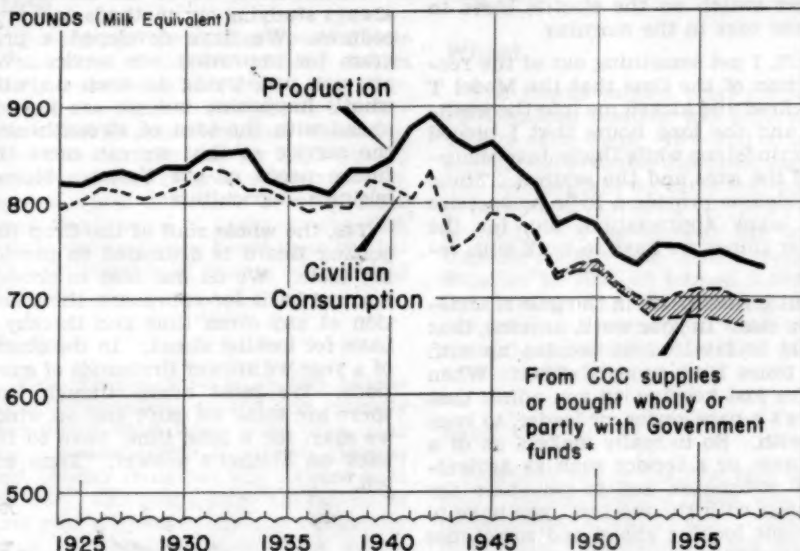
Production of milk in 1925-27 was 827 pounds per capita, and consumption was 811 pounds. The 16-pound difference was largely fed to livestock.

In 1954-57, production of milk per capita was 745 pounds, and consumption only 703. Most of the difference was purchased by the CCC under the price support program. Relative to food prices generally, retail dairy prices in 1954-57 averaged 5 percent lower than in 1925-27.

Thus milk production has failed to rise as fast as population. Consumption per person has declined even though dairy products were priced lower compared with food generally.

Herbert C. Kriesel
Agricultural Economics Division, AMS

PRODUCTION AND CONSUMPTION OF MILK, PER PERSON



"Bert" Newell's **Letter**

When we were kids, like all other youngsters we would ask Mother all sorts of questions about why do we have to do this or that, or when are we going to have a picnic, or when is grandpa coming, and so on and on. When her patience would finally run out, or she really didn't know, she would frequently say, "Oh, time will tell." The way she said it, it sounded like one word, and it was some time before I realized it was a whole sentence.

Of course, time does a lot of things. I lose my hair, get a waistline, wear bifocals, have gallstones. But time also changes our perspective and outlook. I've been accused of liking to live in the past because sometimes I do some reminiscing with you through this letter. Well now, I don't want to live in the past. I would much rather have a self-starter on the car. A bucksaw and a pile of wood are fine for building shoulder and arm muscles but I'd much rather switch on the electric stove to fry my eggs in the morning.

Still, I get something out of the recollection of the time that the Model T backfired and kicked me into the wash-tub and the long hours that I turned the grindstone while Uncle Jake sharpened the axes and the scythes. These experiences provide a little perspective and some appreciation, too, for the better things we have to work with today.

But trying to live in the past is something else. In your work, or mine, that would be fatal. Just keeping up with the times isn't enough either. When you're just keeping up you admit that there's a pace-setter, or leader, to keep up with. So to really make a go of a business, or a service such as Agricultural Estimates, and to get there the "fustest with the mostest" you have to do some looking ahead and sometimes take some risks.

I don't know of anything more effective to minimize this risk factor than

good basic facts. Taking a body of facts, studying their interrelationships, and appraising them in light of the past will often give us the best indication of what we may expect in the future.

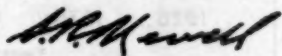
Of course, we can't be 100 percent sure on every detail. But in this world of ours we all have to do a considerable amount of this sort of looking ahead no matter what kind of business we are engaged in. The better the facts we have, the better will be our judgment.

The Agricultural Estimates Division and the Crop Reporting Board are in the business of providing facts. In the monthly reports it is our intention to give our best estimate or forecast of what can be expected. We know we are not infallible and there are some things we just can't be sure of such as: When is it going to stop raining in one area or start raining in another?

But we do have a long experience and a long historical record to work with and by appraising the facts, the estimates, and the figures passed on to us by our thousands of cooperative reporters and observers we have eliminated some of the unknowns and reduced the risks.

Furthermore, we of the service are always studying our methods and procedures. We have developed a program for improving our service. We are not just trying to keep up with what's happening but we are looking ahead with the idea of strengthening the service so that we can meet the future needs of our Nation's biggest business—agriculture.

Yes, the whole staff of the Crop Reporting Board is dedicated to providing facts. We do our best to provide a sound basis for appraising the situation at any given time and thereby a basis for looking ahead. In the course of a year we answer thousands of questions. We must admit though that there are some we can't and on which we may, for a long time, have to fall back on Mother's answer, "Time will tell."



S. R. Newell
Chairman, Crop Reporting Board, AMS

Outlook

Livestock

A turnup in hog slaughter is in prospect and by midsummer the rate should exceed that of last year. The larger pig crops from winter farrowings will support the higher level.

Slaughter in the spring of 1959 also will run higher if the planned increase in fall farrowings materializes. Supplies in prospect do not, however, appear overly large as hog production has been declining. Hog prices now are running at their highest in several years. The seasonal drop this fall may be at least average and prices next spring considerably below last spring.

Incentives are still strong to hold back marketings for feeding or herd expansion because range and pasture conditions are excellent and prices are holding up. Slaughter will continue below 1957 levels. For fed cattle, slaughter may run larger than last summer but for cattle off grass it will be down.

Eggs

Spring egg production peaked late and prices at the end of May and in early June were the lowest this year. Prices are likely to strengthen in coming weeks as output declines seasonally. The summertime rise for high-quality large eggs may be greater than in 1957, and a wider difference between large and small eggs is likely in the fall. These prospects are based upon the increased number of pullets being raised this year.

Turkeys

The sharp decline in turkey hatchings through May slowed and recently hatchings have been close to a year ago. Consequently November-December holiday slaughter will be near that of 1957. The year's total will fall below last year's, however, because the earlier drop in hatchings cannot be offset. Prices have been a little above a year ago and likely will run above through the holidays.

Fruit

Condition of deciduous fruit crops was indicated generally good on June 1. Some crops in California, however, were damaged by prolonged rains at pollination time and early-season supplies of some fruits for fresh use and processing were reduced. Processor demand for deciduous fruits may be stronger than last year since stocks at the beginning of the new pack season may be down moderately. Consumer demand continues strong.

Tobacco

Both cigarette output and use of flue-cured and burley—the main cigarette tobaccos—were higher during the 1957-58 fiscal year than in 1956-57. The gain for cigarettes is nearly 3 percent, bringing the total to a new high of 446 billion.

Leaf use was up by a smaller percentage because manufacturers obtained more cigarettes per pound of tobacco. Output of filter cigarettes, which take less tobacco per cigarette than those without filters, increased. Use of processed tobacco sheet and stems also probably rose.

Wheat

The fourth largest crop on record, 1,271 million bushels, was forecast for 1958 in early June. It would considerably exceed probable disappearance and add substantially to carryover on July 1, 1959. The carryover on July 1, 1958, probably will be around 900 million bushels, slightly less than a year ago. Supplies in 1957-58 totaled 1,866 million bushels. Of this amount, about 585 million bushels were used in this country and about 390 million bushels were exported.

Food Fats

Domestic use in the first half of October 1957-September 1958 was up 4 percent from a year earlier. Growth in population, a slight gain in use per person accounted for the rise. Biggest increase was in margarine. Butter was down a little.

Do Broiler Prices Rise

When Supplies Fall?

As a rule, farmers expect the prices they receive for their products over the marketing year to vary in an inverse relationship with the quantity that is marketed.

Generally speaking, when supplies are heaviest, prices are lowest. This economic precept is probably as well known as the rhymes we learned as children. Hogs, eggs, cattle, wheat, corn, and most agricultural commodities generally follow such a pattern. Broilers and turkeys, however, do not.

To illustrate, look at the seasonal patterns in hog marketings and prices. Sows typically farrow twice a year, in the spring and the fall. About three-fifths of all pigs are born in the spring. As hogs are not adapted to extended feeding beyond a preferred market weight, the seasonally bunched births

are reflected in seasonally bunched marketings.

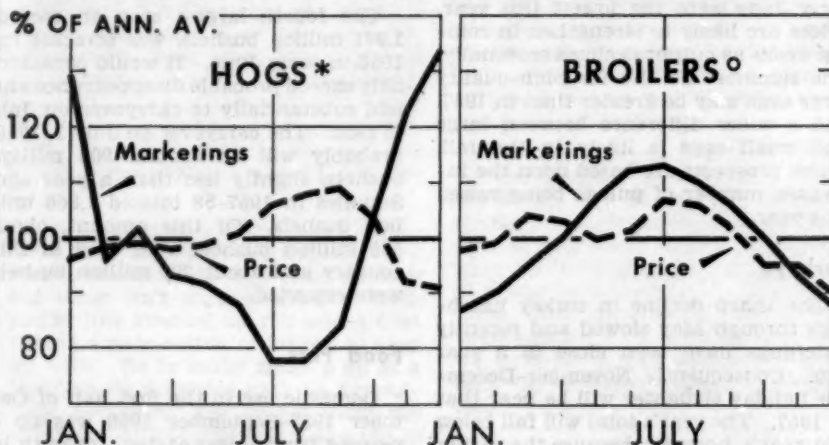
The chart below shows that hog marketings are largest in November-January, with marketings declining sharply until July. Corresponding inversely to marketings, hog prices are lowest in November-December and highest in July-September. These traditional patterns, however, are moving somewhat earlier.

Now, look at the seasonal patterns in broiler marketings and prices. The peak in marketings of broilers occurs in July. But contrary to the expected inverse relationship of marketings and prices, the chart shows that the average price received by farmers for broilers is at its highest level for the year in the summer.

Why this paradox? Do not the forces of supply and demand hold equally well for broilers as for hogs?

Certainly; but price equates supply and demand. The seasonal changes in the price of a product reflect the month-to-month changes in both supply and demand. If month-to-month

SEASONAL CHANGES IN HOG AND BROILER PRICES AND MARKETINGS



*BASED ON YEARS 1947-53

°BASED ON YEARS 1951-55 (MARKETINGS) AND 1952-56 (PRICE)

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variations in the supply of a commodity are greater than month-to-month variations in the demand for it, monthly average prices will dip while marketings increase.

However, if month-to-month variations in demand are greater than month-to-month variations in supply, monthly average prices will rise with marketings. The former case appears to describe the seasonal pattern of hog prices, while the latter case appears to be a more suitable explanation for broiler prices.

Demand Problems

Experience seems to show monthly changes in demand for pork are small. Demand declines somewhat in the hot months. However, marketings of hogs decrease so greatly in late summer that prices are at their high point for the year, despite little apparent change in demand.

For broilers, however, warm weather probably means an increased demand. People want easily prepared, less fatty foods in the heat of summer; a smaller supply of red meat also boosts demand. On the other hand, demand for broilers declines sharply at Thanksgiving time when turkeys become the favorite source of poultry.

It is quite important for a producer to have some idea of the seasonal demand and prices for a product if he is to plan production and marketings wisely. If a broiler producer considered only seasonal changes in supply, he would feel that large supplies in the summer would mean low prices, and therefore he would reduce placements of chicks for summer marketings. By ignoring the summer seasonal increase in broiler demand, the producer would have reduced the number of broilers available for marketing at a time when prices are at their peak for the year.

However, if the seasonal variation in broiler marketings increased as sharply as for hogs, the seasonal swings in demand would be offset so that the seasonal swing in price would probably level out.

Martin J. Gerra
Agricultural Economics Division, AMS

Lupine Seed Forecast

Smallest Since 1944

The 1958 production of lupine seed is estimated by the Crop Reporting Board at only 8,480,000 pounds, smallest crop in 14 years. It is 59 percent below the 20,610,000 pounds of 1957 and 83 percent below the 1947-56 average of 50,511,000 pounds.

Winter-kill, low prices for seed, and greater popularity of other legumes which provide better grazing and hay seem to be the main causes. Lupine has been losing favor with farmers in the deep South.

Lupine is not winter hardy. Frosts have repeatedly killed or thinned stands, often penetrating even into the southernmost areas in which lupine is adapted.

True, lupine is good for soil building and winter cover. Farmers in Alabama, Georgia, South Carolina, and Florida, however, prefer crops which not only provide these two valuable assets, but grazing, hay, and silage as well. Blue lupine is good neither for grazing nor for hay. As such it has not kept pace with the South's expanding livestock industry.

Production Curve

Production of all lupine rose from 5,100,000 to 201,900,000 pounds between 1943 and 1950. Following nearly the same pattern, domestic disappearance increased from 4,133,000 pounds in 1943 to 73,579,000 in 1949. It then declined to 61,955,000 in 1950. Since 1950, production has never exceeded 39,850,000 pounds and domestic disappearance has not been above 38,223,000 pounds.

These statistics tell the story. Unless next year is more favorable for growth, it would seem as though lupine will be increasingly replaced by more versatile crops.

Thomas J. Kuzelka
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NEW MELON CONTAINERS ARE CUTTING COSTS

New and improved shipping containers for western-grown cantaloupes are rapidly displacing the conventional jumbo wooden crates used for many years.

It looks now as though 60 to 80 percent of the more than 30,000 carloads of California and Arizona melons expected to be produced this season will be shipped in the new containers. It's also likely that growers and shippers in other areas, such as Texas, New Mexico, and Colorado, will follow this lead.

Why is this change taking place? What will it mean to cantaloup growers and shippers?

Damage

No one—growers, shippers, wholesalers, railroads, and retailers—was satisfied with the job done by the old wooden crates in carrying tender melons from the packing sheds to retail stores. On an average, 15 percent of the crates in each shipment were seriously damaged by the long transcontinental rail trip to eastern markets. Many of these were a complete loss.

Even in undamaged containers, more than 5 percent of the melons were bruised, cut, and cracked so badly they failed to grade U. S. No. 1. In addition, the old crates had, in recent years, become increasingly expensive to pack, load, and refrigerate during transit.

Containers of the new type are devised to protect the grower in his most sensitive spot, his pocketbook. They have been pretty thoroughly tested and evaluated by Agricultural Marketing Service researchers.

The type most commonly used, the improved panel-end crate, is a new type of wooden slatted container. It has the same dimensions and capacity as the old type of crate, and it also has a stronger and improved end frame. This enables it to stand up better during transportation and handling.

The side, top, and bottom slats are wider and more flexible, reducing slat cutting and bruising of the melons. Because of its construction and dimensions, it can be loaded crosswise in refrigerator cars. This, in turn, further reduces container damage and makes possible important savings in refrigeration and loading costs.

Another type of new container is a full-depth telescope fiberboard box which holds two-thirds as many melons as the wooden crates. Because of the natural resiliency of the fiberboard and the method used to pack the melons, bruising has been reduced to only about a tenth of that normally experienced when the old wooden crates were used. Container damage to fiberboard boxes in transit was only about 5 percent of that experienced with the older type. Costs of packing, loading, refrigeration, and transportation also were less.

A new wirebound crate was introduced too late in the 1957 season to make possible a fair comparison with other containers. Limited studies, however, indicate it, too, will afford significant reductions in container damage and in costs of melon bruising, packing, loading, refrigeration, and transportation.

What It Costs

What about overall costs on a crate equivalent basis? AMS researchers have found that, taking all expenses into account except those for production and harvesting, it cost \$3.57 per crate to pack and ship the melons to eastern markets in the wooden jumbo crate. It cost \$3.52 in the $\frac{3}{4}$ fiberboard box and only \$3.50 in the new panel-end wooden crate.

The net result—the new shipping containers will enable the cantaloup growers and shippers to do a better job of packing, shipping and marketing at lower costs.

Philip L. Breakiron
Marketing Research Division, AMS

Commercial Vegetables Gain in Popularity

People in this country are eating substantially more commercially produced vegetables today than they did in the years just before World War II.

Annual consumption of commercially produced fresh and processed vegetables (fresh equivalent) increased from an average of 170 pounds in 1937-39 to about 200 pounds in 1955-57. Part of this increase was due to the declining importance of home-produced foods.

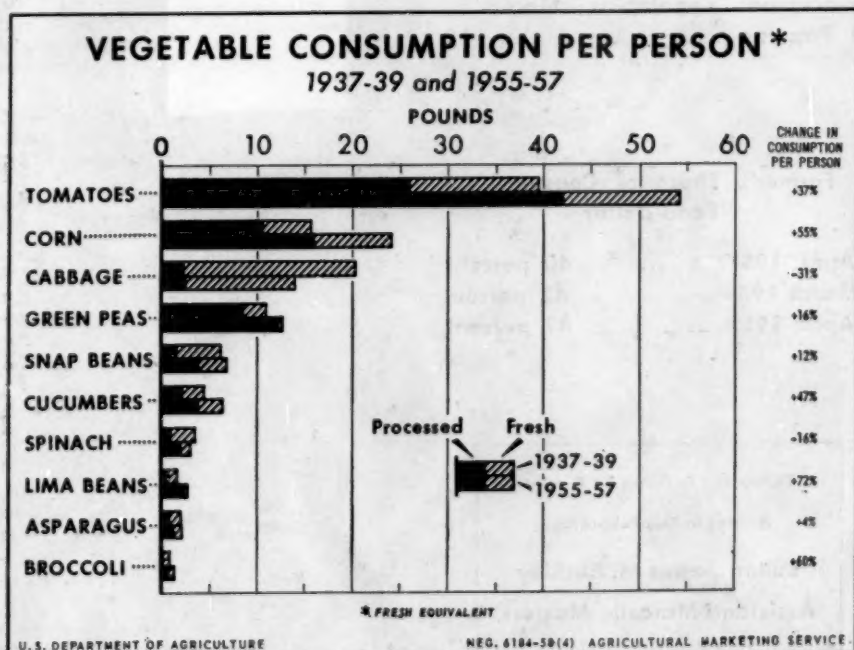
Overall increase in per capita consumption of commercially produced vegetables during the past 15 to 20 years has been due entirely to expansion in the use of processed items. Consumption of fresh vegetables has declined moderately.

For most vegetables used in both fresh and processed forms, total per capita consumption (fresh equivalent) was significantly larger in 1955-57 than in the immediate prewar period.

Consumption of tomatoes, the largest item, increased from about 40 to 54 pounds per person. All of the increase was in use of the processed commodity. Corn and cucumbers also registered sharp increases with gains in both fresh and processed. Only cabbage and spinach showed a decline in total consumption. In both cases it was because of a sharp decrease in the use of the fresh item.

Consumption of green peas, snap beans, lima beans, asparagus, and broccoli increased, with processed gains more than offsetting declines in fresh use. Increased use of the frozen product accounted for all the rise in consumption of processed peas and contributed to the rise in processed snap beans, lima beans, and asparagus.

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Farmer's Share of Consumer's Food Dollar

April 1957.....	40 percent
March 1958.....	42 percent
April 1958.....	42 percent

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